VERIFICATION REPORT

AGRICULTURAL POLICY REFORM PROGRAM
Tranche IV, Phase II
Policy Benchmarks for Accomplishment
by December 31, 2001

Submitted by

The Government of Egypt

to

The United States Agency for International Development, Cairo

December, 2001

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With the Technical Assistance of the MVE Unit of APRP
Abt Associates Inc.
EQI

USAID Contract 263-C-00-97-00003-00

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LIST OF ACRONYMS

ACs	Affiliated Companies
ACDI	Agricultural Cooperative Development International
ALCOTEXA	Alexandria Cotton Exporters Association
APRP	Agricultural Policy Reform Program
ARC	Agricultural Research Center
BOT	Build, Operate, Transfer
CAH	Central Administration for Horticulture
CAPQ	Central Administration for Plant Quarantine
CASC	Central Administration for Seed Certification
CASP	Central Administration for Seed Production
CATGO	Cotton Arbitration and Testing General Organization
CBE	Central Bank of Egypt
CRI	Cotton Research Institute
CSPP	Cotton Sector Promotion Program
EAO	Egyptian Agricultural Organization
FSRP	Food Security Research Program
GOE	Government of Egypt
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HC	Holding Company
HE	His (Her) Excellency
HEIA	Horticulture Export Improvement Association
HSU	Horticultural Services Unit
IAS	Irrigation Advisory Service
IFPRI	International Food Policy Research Institute
IPM	Integrated Pest Management
MALR	Ministry of Agriculture and Land Reclamation
MD	Managing Director
MEFT	Ministry of Economy and Foreign Trade (very recently changed to MFT)
MPE	Ministry of Public Enterprise
MPWWR	former Ministry of Public Works and Water Resources (former name of MWRI)
MSHT	Ministry of Supply and Home Trade
MTS	former Ministry of Trade and Supply
MVE	Monitoring, Verification and Evaluation Unit
MWRI	Ministry of Water Resources and Irrigation
PBDAC	Principal Bank for Development and Agricultural Credit
PPC	Program Planning Committee
RDI	Reform Design and Implementation Unit
STTA	Short Term Technical Assistance
USAID	United States Agency for International Development
WPAU	Water Policy Advisory Unit
WTO	World Trade Organization

PREFACE

In this critically important policy reform program, the MVE team strives to produce verification reports that are both accurate and fair**S**a difficult task. This tranche IV report is the sixth major verification report produced by the MVE Unit of APRP.

The MVE Unit is aware of its delicate position, providing technical assistance in verification to the Government of Egypt and providing its best assessment of benchmark accomplishment to USAID. The constructive dialogue between the Government of Egypt and USAID could be a victim of overzealous interpretation of these benchmarks. This dialogue can only be maintained if both sides have confidence in its integrity and fairness. Finally, the purpose of APRP is to achieve real benefits for the people of Egypt, not only accomplishment of benchmarks and a cash disbursement.

Gary Ender
Abt Associates Inc.
Chief of Party - MVE Unit

ACKNOWLEDGMENTS

This report is the work of many dedicated individuals. They are primarily the listed authors, but many others provided assistance. The former Director of APRP, Dr. Saad Nassar, always gave his complete support and encouragement to the MVE unit. Eng. Mahmoud Nour provided overall coordination of APRP's work. Currently, Dr. Hussein Soliman is Director of APRP and is daily providing the active leadership and support that the project requires.

The MVE Unit has been collaborating technically with all the current and previous APRP units**S**RDI, FSR, EPIQ, and GreenCOM**S** as well as the CSPP of GTZ. The collegial environment that prevails among these units is an important factor in verification.

The MVE Unit would also like to thank our USAID colleagues for giving us strong management support. Thanks go to Dr. Mohamed Omran, Dr. Wadie Fahim, and Dawn Thomas, and our former and current Contracting Officers, Celeste Fulgham and Roy Plucknett.

The staff of the MVE unit also deserve credit for their strong support to the authors of this work: our former and current financial managers, Hesham Salah and Ayat Azmy; our administrative assistant, Yvonne Louis Azer, and our secretary, Dalia Radwan. Mona El Diwany and her colleagues at EQI were always professional in both technical and administrative assistance.

There are individuals too numerous to name who gave their time and effort to make information about diverse topics available to the staff and consultants of the MVE Unit. Some of these individuals hold high positions in the Government; many are in the private sector. All of them have busy schedules. To all we extend our gratitude for their cooperation.

EXECUTIVE SUMMARY

The GOE made very significant progress toward accomplishing indicators in all policy reform categories attempted under tranche IV, phase II. There are a total of eleven policy benchmarks comprising eleven indicators[1] in this second phase of the tranche. All but one of the indicators were accomplished or exceeded.

A. PRICES, MARKETS AND TRADE

There are no benchmarks in this category in tranche IV.

B. PRIVATE INVESTMENT AND PRIVATIZATION IN AGRIBUSINESS

There are no benchmarks in this category in tranche IV.

C. AGRICULTURAL LAND AND WATER RESOURCE INVESTMENTS, UTILIZATION AND SUSTAINABILITY

All of the indicators for the policy benchmarks in this category were accomplished (3) or exceeded (1). The Ministry of Water Resources and Irrigation made excellent progress in improving water management efficiency through policy changes and programs in the areas of water quality and drainage reuse, irrigation management transfer, and revising Law 12 and its executive regulations. MWRI and the Ministry of Agriculture and Land Reclamation together made critical progress on matching irrigation water supply and demand.

D. AGRICULTURAL SECTOR SUPPORT SERVICES

Progress on the policy benchmarks in this category was also excellent. Six indicators were accomplished, and one was partially accomplished.

Some highlights of the progress in this category include new policies on:

- Women's business centers
- Renewing fruit stock and arranging for its distribution through the private sector

In addition, the GOE continued its progress in reorienting research and extension services, and MALR prepared agricultural statistics that are essential to meeting the GOE commitment to adopt the 1993 System of National Accounts standards.

[1]Note that indicator D.12.1 is numbered in the MOU as one indicator but contains two separate items for verification, one each in Phases I and II.

E. FOOD SECURITY AND POVERTY ALLEVIATION

There are no benchmarks in this category in tranche IV, phase II.

SUMMARY OF ACCOMPLISHMENT

Benchmark	Level of Accomplishment			
	Exceeded	Accom-plished	Partial	No Progress
C. Agricultural Land and Water Resource Investments, Utilization and Sustainability				
C.1: Reducing Mismatch of Irrigation Deliveries				
The GOE (MPWWR and MALR jointly) will establish a system that improves the flow of real-time information between the Ministries with respect to irrigation demands and supplies.				
C.1.2. A joint MALR/MPWWR national policy for the application of the pilot program will be approved by the two Ministers by December 31, 2001.		X		
C.2: Water Quality and Drainage Reuse				
The GOE (MPWWR) will adopt policies for improved management of discharge and reuse of urban wastewater in agricultural drains.				
C.2.2. The MPWWR in coordination with other ministries and authorities will apply the policy and procedures in one selected pilot area in the Delta by 31 December 2001.		X		
C.4: Irrigation Management Transfer				
The GOE (MPWWR) will adopt a policy and strategy for transferring management of selected sections of the irrigation system to stakeholders and/or the private sector.				
C.4.2. Application of the policy will be initiated in two selected pilot areas by 31 December 2001.	X			

SUMMARY OF ACCOMPLISHMENT, Continued

Benchmark	Level of Accomplishment			
	Exceeded	Accom-plished	Partial	No Progress
C.5: Revision of Law 12/1984 on Irrigation and Drainage The GOE (MPWWR) will prepare revisions to Law 12 of 1984 on irrigation and drainage, and its supplementary laws, to improve effective water resources management. **C.5.2.** A draft amendment document for Law 12 of 1984 on irrigation and drainage and its supplementary laws will be approved by MPWWR by 31 December 2001.		X		
D.4: Research and Extension Rationalization The GOE (MALR) will develop and approve a new policy mandating extension officers to undertake tasks that respond directly to the needs of stakeholders in the agricultural production, marketing and processing economy. **D.4.2.** Initial implementation of the successful elements of the pilot activity, adapted to local circumstances, in three other representative governorates. (12/2001)		X		
D.5: Government Withdrawal from Seed Multiplication and Distribution The GOE will cease the multiplication and distribution of hybrid seed by June 2001 and encourage the development of improved private sector capacities for producing and marketing of this type of seed. **D.5.2.** The GOE will cease multiplication and marketing of hybrid seed by June 2001.			X	

SUMMARY OF ACCOMPLISHMENT, Continued

Benchmark	Level of Accomplishment			
	Exceeded	Accom-plished	Partial	No Progress
D.7: Farm Production Statistics The GOE (MALR) will collect, manage, and distribute agricultural data and information on farm production and income at the farm and national levels to meet the private and public sector needs. **D.7.3.** The GOE (MALR) will prepare agricultural income statistics at the national level to meet the system of national accounts, 1993 standards. (12/2001)		X		
D.8: Sea Freight Transport The GOE will coordinate import inspection procedures for refrigerated foodstuffs (radiation, GOEIC, agriculture, health and veterinary). **D.8.2.** Average dwell time at Mediterranean Sea ports for refrigerated containers is reduced to fifteen days for the 9/2000-9/2001 period based on a survey of private sector traders. (12/2001)		X		
D.10: Vegetable Seeds The GOE will simplify its requirements for registering new varieties of vegetable seeds and abolish registration requirements for the import and trade of vegetable seeds already registered or protected in countries belonging to the Organization for Economic Cooperation and Development (OECD). **D.10.3.** Confirmation from private vegetable seed companies that they are aware of these policy changes and that at least one shipment of vegetable seeds has been imported for commercial sale under these new policies. (12/2001)		X		

SUMMARY OF ACCOMPLISHMENT, Continued

Benchmark	Level of Accomplishment			
	Exceeded	Accom-plished	Partial	No Progress
D.11: Women's Employment, Entrepreneurship and Income in the Agricultural Economy The GOE (MALR) will adopt policies to encourage the creation and expansion of women-owned and managed agribusinesses and access to resources and information for women in the agriculture sector in Egypt. **D.11.2.** The GOE will establish a policy that mandates establishment of business support centers with units specifically for women in the agricultural economy. (12/2001)		X		
D.12: Horticultural Modernization The GOE (MALR) will establish a policy that facilitates the renewal of the stock of fruit and other tree crop planting materials in Egypt. **D.12.1.** Ministerial decree to encourage the importation and testing of new fruit and vegetable varieties from around the world. The policy will: b) approve a policy and plan to ensure private sector participation in multiplication, distribution, and importation and quality control procedures. (12/2001)		X		
Total, Indicators for Accomplishment by December 31, 2001	1	9	1	0

SCOPE AND METHOD OF THIS REPORT

Tranche IV of APRP is the first tranche to have benchmark indicators arrayed in two phases: those for accomplishment by December 31, 2000 (Phase I) and those for accomplishment by December 31, 2001 (Phase II). This situation permits different methods for reporting the results of the reforms made to date. After consultation with USAID, the Unit has presented the results in the following way. All indicators in Phase I were included in a previous verification report. In addition, any indicators from Phase II that were accomplished or exceeded at the time the report was written were also included in that report. All other indicators for Phase II are reported on in this report. For a full listing of the benchmarks and indicators of Tranche IV, the reader is referred to the MOU.

Another clarification that resulted from the consultation with USAID concerned the determination of "exceeding full accomplishment." This rating is given in those cases where significant additional work beyond that required in the indicator was completed. Thus indicators from Phase II that were completed by the Phase I deadline with no additional work done were determined to be "accomplished," not "exceeded."

This report was prepared for submission by the GOE to USAID slightly before the formal deadline for accomplishment of the indicators (December 31, 2001) in order to accelerate disbursement.

A. PRICES, MARKETS AND TRADE

There are no benchmarks in this category in tranche IV.

B. PRIVATE INVESTMENT AND PRIVATIZATION IN AGRIBUSINESS

There are no benchmarks in this category in tranche IV.

C. AGRICULTURAL LAND AND WATER RESOURCE INVESTMENTS, UTILIZATION AND SUSTAINABILITY

Benchmark C.1: Reducing Mismatch of Irrigation Deliveries

Policy Benchmark:

The GOE (MPWWR and MALR jointly) will establish a system that improves the flow of real-time information between the Ministries with respect to irrigation demands and supplies.

Verification Indicator(s):

C.1.2. A joint MALR/MPWWR national policy for the application of the pilot program will be approved by the two Ministers by December 31, 2001.

Method

Dr. Morsy Ali Fawzy of the MVE Unit visited the irrigation directorates and agricultural affairs offices in Esna and Luxor districts of Qena governorate to verify that the data collection and exchange procedures of the pilot program were being followed.

Analysis and findings

Before work began under this benchmark, MWRI released water from the High Aswan Dam (HAD) based on "indicative" cropping patterns and calendars that were determined by the MALR. Under this system, MWRI often released water months in advance of real planting dates, and not based on accurate notion of the crops actually grown. The free choice of crops by farmers that began in the late 1980s had made the determination of irrigation water demands much more difficult and had led to significant "mismatch" of supplies and demands. There was no routine, accurate, and systematic transfer of this information from farmers or the MALR to the MWRI, nor was there an understanding of the system constraints on the part of the MALR and the farmers. Now both Ministries have recognized that matching real-time irrigation water demands with water deliveries is an important step toward an efficient, demand-driven irrigation system.

During Phase I of this benchmark, with the assistance of APRP, the MALR and MWRI successfully established a pilot program in five irrigation districts. The Ministries determined that five pilot districts were

needed to properly represent the complexity of the irrigation system in Egypt and provide a sound basis for development of the matching irrigation supply and demand (MISD) program.

The current MISD efforts (Phase II) focused primarily on the development of the national policy for application of the pilot program. During 2001, the MISD working group activities also included refinement of the pilot program and assistance to MWRI and MALR in their efforts to expand the pilot program to all 31 districts of the four irrigation directorates.

The RDI team visited Sharqeyah, Beni Suef , Luxor, Qena and Beheira governorates. They met with MWRI and MALR teams of the MISD program in all governorates. Participants at these meetings included the Undersecretary for Agriculture at the governorate level and governorate and district staff from both MWRI and MALR. Meetings lasted for about 2-3 hours each and included anywhere between 30-90 people.

The following common findings emerged from the meetings:

- Data collection and data transfer to irrigation district offices was proceeding smoothly in the 5 original pilot districts where MISD has been going on for one year.

- In the 26 new districts, data collection at the hood level is occurring in all new districts, except three of six in Beheira (Kafr el Dawar, Edku and Kom Hamada) and 7 new districts in Beni Suef. This high level of success is in spite of the fact that command areas have not been accurately defined in any of the new districts.

- All irrigation district engineers received first phase training in computers. Except for Beheira engineers, all remaining irrigation engineers need second phase training.

- Computers and training in computers are urgently needed at the agricultural district offices to make the work more efficient. At present all data are managed manually.

The APRP team provided the participants with data sheets for data collection to be filled in by October, 2001. RDI staff designed and printed the tables for data collection and made them available to the governorates for data collection for the months of October, November, and December.

A training workshop was held in Cairo on October 30. This workshop was to train the MALR team in the new districts of MISD phase II at the agricultural administration level (approximately 60 people). Also, the workshop set up timetables for training directors of agricultural units and hood supervisors in the new districts. Training of directors of agricultural units and hood supervisors began November 3 and was completed in all governorates November 14.

The MISD program now covers 31 irrigation districts (36 agricultural administrations) and 1.3 million feddans. Menoufeyah governorate requested to be included in the MISD program beginning December 1, 2001. Preparation for this is under way.

A budget for the expansion phase was prepared and is awaiting approval from HE Minister Youssef Wally. Once approved, computers would be made available to speed up the information transfer to MWRI, and incentives would be available to encourage proper data collection. In the meantime, the MISD team is preparing a computer training course for about 100 people for MALR agricultural administration staff.

Full details of the MISD information transfer program are given in EPIQ report number 45.

In October 2001, HE Deputy Prime Minister and Minister of Agriculture and Land Reclamation Dr. Youssef Wally and HE Minister of Water Resources and Irrigation Dr. Mahmoud Abu Zeid signed a joint agreement that:

- Approved for national application the MISD information system that was established in the pilot areas

- Created a joint committee to identify and implement policies in support of MISD and determine technical and financial needs to establish this information system throughout the entire country

Accomplishment

Indicator	**Status**	**Justification**
C.1.2	Accomplished	The policy has been approved by the two Ministers.

Documents attached immediately following

1. Copy of policy statement approved by HE Dr. Youssef Wally Minister of Agriculture and Land Reclamation and HE Dr. Mahmoud Abu Zeid Minister of Water Resources and Irrigation (Arabic)
2. Copy of cover letter from Dr. Youssef Wally to Dr. Mahmoud Abu Zeid, dated October 25, 2001 (Arabic)
3. Translations of policy statement and cover letter in English

Other relevant documents

1. **Matching Irrigation Supplies and Demands.** Water Policy Program. Report No. 45. Main Document. International Resources Group, Winrock International, Nile Consultants. November, 2001.
2. **Verification Report, Agricultural Policy Reform Program, Tranche IV, Phase I: Policy Benchmarks for Accomplishment by December 31, 2000.** Submitted by The Government of Egypt to The United States Agency for International Development, Cairo. With the technical assistance of the MVE Unit. Abt Associates Inc. March, 2001.

Benchmark C.2: Water Quality and Drainage Reuse

Policy Benchmark:

The GOE (MPWWR) will adopt policies for improved management of discharge and reuse of urban wastewater in agricultural drains.

Verification Indicator(s):

C.2.2. The MPWWR in coordination with other ministries and authorities will apply the policy and procedures in one selected pilot area in the Delta by 31 December 2001.

Method
The Unit monitored activities of the working group and checked for the establishment in the field of pilot program(s).

Analysis and findings
The objectives of these benchmark activities are to:

- Establish integrated policies for handling urban waste disposal and reuse
- Enhance compliance with the objectives of current applicable Egyptian environmental law
- Promote coordination and implementation between MWRI and other ministries in water pollution control and environmental quality management

To achieve these objectives, the benchmark was structured as a two-phase program. During Phase I, a policy for improving urban wastewater discharge and reuse was developed and approved. Phase II consisted of applying the policy in a pilot program. EPIQ report No. 34 presents a detailed account of Phase I activities and accomplishments, including these eleven reforms.

For Phase II the El Salaam Canal in the eastern Nile Delta was selected as the pilot area. This drainage was selected since it is the most significant ongoing irrigation expansion project currently underway in the Delta region. Completion of El Salaam will mark the first time in the history of the Republic of Egypt that Delta irrigation water will flow into the Sinai. Water quality is of great concern in El Salaam Canal because the North Sinai is relatively free of the pollution and the potential waterborne diseases associated with poor drain water quality elsewhere in Egypt. It is critical, therefore, that water pollution and its associated negative potential impacts are minimized in mixed irrigation water before it reaches the Sinai.

Time constraints were a significant factor in selection of the pilot demonstrations to be included under Phase II. It was not feasible to apply all eleven reforms during the one-year demonstration. Six of the eleven policy reforms were already being initiated under other ministry activities. Therefore, the working group decided to apply only the remaining five reforms in the pilot program, as shown in the following table.

Pilot Projects and Policy Reforms

Pilot Project	Policy Reform	Recommended Activity	Contributing Agencies
1	Separation, classification, and intermediate reuse of drains	Organization and development of an overall drain classification program	MWRI, NOPWASD, MOHP, and Daqahleya, Sharqeya, Damietta Municipal Authorities,
2	Prioritization of wastewater treatment plants	Preparation of a construction and implementation plan for wastewater treatment plants	NOPWASD, MWRI, MOHP, EEAA
3	Wastewater irrigation of urban green lands	Pilot program using treated wastewater effluent to grow ornamental trees	MALR, MWRI, and Daqahleya Governorate
4	Wastewater irrigation and public health awareness	Public awareness workshops to disseminate knowledge of proper wastewater irrigation management practices and expand water quality monitoring activities	MOHP, MWRI, NOPWASD
5	Classification of drains with consideration for water quality	Development of a plan of action for the management of industrial wastes to drains	MWRI, EEAA, MOHP

EPIQ report No. 46 gives the details of implementation of all the pilot projects. A summary of these is given in the following table.

Main Activities of Water Quality and Drainage Reuse Pilot Projects

Pilot Projects	Main Activity
1	• Developing a methodology to classify drains in an expedient and appropriate manner • Conducting a field survey of main drains within the pilot project area, identifying sources, locations and approximate volumes of M&I wastewater and agricultural returns entering the drain system feeding El Salaam Canal • Applying the selection and screening methodology created to classify main and branch drains within the pilot project area • Analyzing classification results to identify potential applications for system management and conclusions regarding utilization of drainage reuse in the pilot area • Preparing and submitting a detailed final report documenting the project activities, findings, results, conclusions, implications, and recommendations
2	• Developing a practical set of screening and prioritizing criteria for WWTP construction activities • Proposing realistic water quality target objectives for drains • Prioritizing construction activities proposed under the existing NOPWASD plan • Proposing additional construction activities as required to meet water quality targets
3	• Compilation and submission of an environmental impact assessment of the project and pilot site • Design and construction of necessary irrigation infrastructure • Installation of necessary irrigation delivery equipment • Planting and irrigation of roadside ornamental trees with treated wastewater
4	• Organizing and presenting a health awareness workshop to management officials and public health workers • Organizing and presenting a health awareness workshop to farmers, workers • Expanding water quality monitoring to include critical points of El Salaam Canal in terms of drain-water reuse management
5	• Conducting a survey of all industries discharging wastes to drains within the study area • Developing an appropriate industrial waste management action plan • Composing and submitting a detailed final report documenting the project activities, findings, conclusions, and recommendations • Conducting a workshop involving MWRI, EEAA, Governorate of Daqahleya, and local industry representatives to discuss and amend the proposed Management Action Plan

Based on the findings of the Industrial Waste Survey conducted on the West El Salaam Canal,

representatives of the MWRI and EEAA drafted an action plan to address industrial waste dumping into drains. They presented this plan to local government representatives, community leaders, and industry representatives in a final workshop in Mansoura City on September 23, 2001. This workshop was intended by Sherif Fayyad of the MVE Unit. The action plan was amended to include the ideas and recommendations of the Governorate of Daqahleya and local industry leaders.

According to Fayyad, some of the comments in the workshop covered the following topics:

- not only chemical fertilizers affect the soil and drainage water from agriculture but also the pesticides, which may have more negative effects than fertilizer

- there are not enough areas to dispose of non-useful products especially in Daqahleya and other Delta governorates because of the high density of population and the high price of land

- the possiblity of transferring these wastes to the desert, although the cost would be high given the lack of transportation equipment and the large amount of material that will come from cleaning the drainage system

- the clay wastes in the drains could be used to make bricks, thereby preserving much agricultural soil that would otherwise be used for this purpose

Accomplishment

Indicator	Status	Justification
C.2.2	Accomplished	The policy was applied in one area in the Delta (Daqahleya).

Documents attached immediately following
None

Other relevant documents
1. **Application of Policies And Procedures For Improved Urban Wastewater Discharge and Reuse.** Water Policy Program. Report No. 46. Main Document. International Resources Group, Winrock International, Nile Consultants. November, 2001.
2. **Policies and Procedures for Improved Urban Wastewater Discharge and Reuse.** Water Policy Program. Report No. 34. Main Document. International Resources Group, Winrock International, Nile Consultants. December, 2000.
3. **Verification Report, Agricultural Policy Reform Program, Tranche IV, Phase I: Policy Benchmarks for Accomplishment by December 31, 2000.** Submitted by The Government of Egypt to The United States Agency for International Development, Cairo. With the technical assistance of the MVE Unit. Abt Associates Inc. March, 2001.

Benchmark C.4: Irrigation Management Transfer

Policy Benchmark:

The GOE (MPWWR) will adopt a policy and strategy for transferring management of selected sections of the irrigation system to stakeholders and/or the private sector.

Verification Indicator(s):

C.4.2. Application of the policy will be initiated in two selected pilot areas by 31 December 2001.

Method
The Unit monitored activities of the working group and checked for the establishment of pilot programs.

Analysis and findings
This benchmark was implemented over a two-year period in two phases. Phase I concentrated on analyzing IMT experiences in other countries; assessing the impact of the program in Egypt to develop BCWUAs and Water Boards; preparing a clear understanding and consensus view regarding which components of irrigation and drainage are to be included in the Egyptian IMT program; developing the results of these analyses into a set of prioritized directional guidelines and policy for Egypt; identifying an IMT strategy or multiple strategies suitable to the Egyptian context and incorporating this into the IMT policy; considering all approaches and strategies for IMT involving the private sector, especially water users and their organizations in all land categories (new, old, old-new, groundwater, etc.); and issuing a policy document on IMT with a plan for phased implementation in the selected areas. Phase I culminated with the approval of a policy.

The MWRI policy statement, with twenty policy clauses detailing procedures and processes, states:

> In a phased process of application, the MWRI will transfer selected sub-sections of Egypt's irrigation and drainage network to users and/or the private sector acting on behalf of the users.

The IMT policy statement objectives are to:

- Determine the prerequisites for introducing handing over of management responsibilities to stakeholders and/or the private sector in Egypt
- Define the strategies and steps required to implement partial, incremental and total management transfer in all categories of land, including old lands. These are based on a *phased transfer process* beginning with a period of negotiated joint management prior to system hand-over
- Consider roles and responsibilities of MWRI in the transfer process, particularly in each of the various stages of transfer

Phase II was implemented at four pilot sites. With their criteria for selection, these were:

- New Lands: New Shabab in Sharqeya (high water delivery cost)
- Old Lands: 1) El Nazl area of El Bahr El Sagheer in Mansoura (partially improved tertiary command area) and 2) Beni Abeid of Serry Canal, El Minya (improved system under USAID-funded IIP)
- Old-New Lands: South Tahrir in Beheira (opportunity for integrated water resources, surface and ground water)

A ministerial decree designating the pilot areas was issued by HE the Minister, and later followed by undersecretarial decrees for detailed implementation and memoranda of understanding.

Phase II outputs included the following:

- IMT socio-economic baseline study
- Process documentation on formation of pilot BCWUAs
- Training plan for BCWUAs in O&M
- Memoranda of Understanding (MOUs) between MWRI & BCWUAs
- Pilot canal physical rehabilitation assessment and planning requirements
- IMT multimedia public awareness campaign material
- MWRI institutional arrangements for IMT post-APRP

BCWUAs were formed by ministerial decree at the four IMT pilot areas. This activity was implemented with the active involvement of the Irrigation Advisory Service (IAS) and entailed a multi-stage process of intensive meetings and negotiations over a period of several months.

A pilot physical assessment and rehabilitation plan was carried out under the aegis of the IMT working group. The assessment and rehabilitation of the physical systems is an integral part of the transfer process; experience from other countries demonstrates that before a system is to be transferred, it needs to be brought up to an acceptable condition. This assessment and plan involved all BCWUA members from the four pilot areas and MWRI staff to determine the scope and scale of rehabilitation required. In each case, the terms and conditions for the rehabilitative work were negotiated between the BCWUA and MWRI and comprise part of the memorandum of understanding. The work to be carried out varies considerably from one location to another and ranges from basic maintenance features to improvements requiring significant investments. A major feature and achievement of this component is cost-sharing, with the BCWUA responsible for covering all infrastructure costs in excess of those related to simple maintenance.

Based on the work carried out, the working group made sixteen recommendations to ensure the successful application of the IMT policy, including:

- MWRI will complete procedures to amend laws on water management in order to 1) formalize transfer of parts of the system to users and/or the private sector, and 2) allow formation and registration of WUAs in all categories of land and among primary, secondary and tertiary levels of the irrigation system.

- MWRI will formally take necessary action to incorporate mesqa-level and branch canal irrigation and drainage functions as part of the mandate for the management transfer entities.
- MWRI should formally undertake a program to establish, with BCWUA cooperation and cost-sharing, strategically-located maintenance centers for spare parts, equipment and other O&M material used in irrigation and drainage at the branch canal level.
- Management transfer (IMT) should not be restricted to irrigation activities only; transfer should be implemented in a holistic modality and extend to all aspects of water resources (irrigation, drainage, groundwater *).*

Accomplishment

Indicator	**Status**	**Justification**
C.4.2	Exceeded full accomplishment	Pilot activities were initiated in four areas; two areas were required by the indicator.

Documents attached immediately following
None

Other relevant documents
1. **MWRI Policy on Irrigation Management Transfer.** Water Policy Program. Report No. 47. Main Document. International Resources Group, Winrock International, Nile Consultants. December, 2001.
2. **Verification Report, Agricultural Policy Reform Program, Tranche IV, Phase I: Policy Benchmarks for Accomplishment by December 31, 2000.** Submitted by The Government of Egypt to The United States Agency for International Development, Cairo. With the technical assistance of the MVE Unit. Abt Associates Inc. March, 2001.

Benchmark C.5: Revision of Law 12/1984 on Irrigation and Drainage

Policy Benchmark:

The GOE (MPWWR) will prepare revisions to Law 12 of 1984 on irrigation and drainage, and its supplementary laws, to improve effective water resources management.

Verification Indicator(s):

C.5.2. A draft amendment document for Law 12 of 1984 on irrigation and drainage and its supplementary laws will be approved by MPWWR by 31 December 2001.

Method
The Unit obtained a copy of the approved draft amendment and the executive regulations to go with the modified law 12..

Analysis and findings
Law 12/1984 and its supplementary Law 213/1994 define the use and management of public and private sector irrigation and drainage system structures; including main canals, feeders, and drains. They also provide legal direction for the use and maintenance of public and private canals, and specify arrangements for cost recovery in irrigation and drainage works. Law 12 regulates the use of groundwater and agricultural drainage water and legislates other factors such as protection against flooding, navigation and coastal protection. The supplementary Law 213 provides the Ministry of Water Resources and Irrigation (MWRI) with the legal foundation for involving landowners, at the mesqa and farm levels in irrigation system improvements.

Given the major changes in the visions, policies and water resources situation in Egypt, most notably the increasing scarcity of water, the anticipated diversion of Nile water to new lands, and the importance of stakeholder participation, law 12 was carefully reviewed and revised in Phase I of this benchmark.

The objective of Phase II was the development of executive regulations to go with the modified law 12.

The draft revised law is intended to achieve the following objectives, among others:

- Highlight the concept of integrated water management
- Develop new water resources.
- Define the responsibilities and authorities of governmental and non-governmental bodies
- Encourage water users to participate in water resource management
- Complete tile drainage networks
- Expand the use of drainage water for irrigation purposes
- Expand the use of groundwater
- conserve irrigation water
- Amend the organizational structure, job descriptions, and the ministry name to reflect the new water policy philosophy.

In order to achieve the above mentioned targets, the Ministry of Water Resources and Irrigation formulated the proposed draft law in coordination with the governmental authorities concerned with water resources and irrigation affairs, especially the Ministry of Agriculture and Land Reclamation, the Ministry of Reconstruction, and local councils.

Two workshops were held. The first one was conducted during Phase I with 50 stakeholders from the ministries with water resources-related management responsibilities, NGOs, water users, public personalities and universities' researchers.

During Phase II WPAU/EPIQ:

- Worked closely with the MWRI Working Group in the review of Law 12 and its executive regulations
- Identified new areas and concepts related to improved water use and management, taking into account results of the irrigation management transfer, water quality and water reuse benchmarks, and current relevant issues and policies
- Held a stakeholder workshop to review and discuss the draft Law 12 executive regulations
- Prepared the proposed revisions to the executive regulations of the proposed revised Law 12/1984

The Phase II stakeholder workshop was held in Alexandria on October 4-6, 2001. It was attended by 22 key personnel of MWRI. The purpose of this workshop was to solicit comments on the proposed modifications in Law 12 and its executive regulations. Remarks and comments made in the workshop were taken into consideration while preparing the proposed law and the executive regulations.

The modified proposed law, containing 119 articles distributed over 10 parts, is now re-titled to address water resources in general. The proposed executive regulations include 125 articles distributed over 8 parts.

The modified law and regulations were submitted to HE the Minister of Water Resources and Irrigation via memo from the head of the Water Policy Advisory Unit. The Minister noted his approval by handwritten note on the memo and instructed that appropriate steps should be taken.

Accomplishment

Indicator	**Status**	**Justification**
C.5.2	Accomplished	The draft revisions to Law 12 and the draft executive regulations have been approved by the Minister of Water Resources and Irrigation.

Documents attached immediately following

1. Memo to HE the Minister from Eng. Gamil Mahmoud, head of the Water Policy Advisory Unit, with the Minister's handwritten approval and instructions that appropriate steps should be taken (Arabic)
2. Translation of above approval memo (English)

Other relevant documents

1. **Revised Law 12 of 1984 on Water Resources and its Executive Regulation.** Water Policy Program. Report No. 48. Main Document. International Resources Group, Winrock International, Nile Consultants. November, 2001. and the following appendixes:
2. Appendix A Revised Law 12 on Water Resources (English)
3. Appendix B Revised Law 12 on Water Resources (Arabic)
4. Appendix C Proposed Executive Regulations for Law 12 (English)
5. Appendix D Proposed Executive Regulations for Law 12 (Arabic)
6. **Verification Report, Agricultural Policy Reform Program, Tranche IV, Phase I: Policy Benchmarks for Accomplishment by December 31, 2000.** Submitted by The Government of Egypt to The United States Agency for International Development, Cairo. With the technical assistance of the MVE Unit. Abt Associates Inc. March, 2001.

D. AGRICULTURAL SECTOR SUPPORT SERVICES

Benchmark D.4: Research and Extension Rationalization

Policy Benchmark:

The GOE (MALR) will develop and approve a new policy mandating extension officers to undertake tasks that respond directly to the needs of stakeholders in the agricultural production, marketing and processing economy.

Verification Indicator(s):

D.4.2. Initial implementation of the successful elements of the pilot activity, adapted to local circumstances, in three other representative governorates. (12/2001)

Method
The Unit investigated whether the further three governorate programs have begun in three other governorates.

Analysis and findings
In Tranche III, MALR implemented a phased plan for the support and transfer of specified research and extension activities to the private sector. The plan included specification of the research and extension functions which the public sector would enable the private sector to provide in Ismaleya, and b) administrative and management structures and rules to ensure MALR inspection, certification, licensing and quality control for services and information offered by the private sector. Tranche IV has witnessed (in Phase I) the development and implementation of a second pilot program in Luxor/Qena.

In Phase II, APRP has begun initial implementation of the successful elements of the previous pilot activities in Giza, Beni Suef, and Beheira. Work has been initiated in all three governorates in cooperation with HEIA.

The new research and extension program focuses on four areas of reform:

- training extension agents in export-oriented production
- facilitating contract farming between growers and exporters
- improving post-harvesting facilities for export crops
- forming farmer cooperatives focusing on export production

Some highlights of the individual programs follow.

Giza. Stakeholders decided to establish a team of specialist governmental extensionists in horticulture, to be trained by HEIA specifically in green bean cultivation. HEIA recently decided to go ahead with the training sessions in Giza in spite of funding delays. Giza's proximity to Cairo is enabling HEIA to reach

the extensionists without concern for housing and transportation costs. The first training sessions were held September 25 and 26 in Giza, where Amr Rizkana of HEIA discussed the interpretation of the Good Agricultural Practices (GAP) requirements with the extension workers. At the end of the second day, a test was administered to the 19 extension agents in order to pick the top 10 scorers to continue with a four-day training session in mid-October.

There are no price or quantity agreements established directly between exporters and growers. Written contracts, however, have begun to sprout up between specialized cooperatives and growers. Many medium-scale farmers (and perhaps some smaller-scale farmers) now have written contracts with the cooperatives including price guarantees and the provision of seeds, fertilizers, and some technical assistance. These cooperatives then engage in direct contract negotiations with the exporters. Farmers interviewed preferred this type of transaction rather than ones involving middle men.

Multipurpose cooperatives focus solely on the local market. APRP has been working with the Undersecretary of Agriculture in Giza to plan workshops for the cooperatives to educate them in the benefits and logistics of export-oriented cultivation. They had their first workshop the second week of September.

Beni Suef. Beni Suef's extensive cultivation of aromatics, a product in much demand in European markets, has already provided growers in the area with some access to external markets. However, poor quality post-harvesting methods have limited their ability to export. On August 20, 2001, APRP sponsored a meeting in Cairo of growers and exporters. All parties agreed that 1) extension and technical assistance need to improve and be reoriented toward export production, and 2) new equipment is needed for drying aromatics.

Because the processing of aromatics is relatively complicated, exact specifications of how the plant is grown, harvested, and dried are needed in order to secure the rights of both parties in contracts. This has meant that both parties have been interested in forming detailed contracts, and exporters and a some large-scale farmers have recently reached written agreements. Contracts have also been forged due to the low level of demand in the local market. Exporters have been more willing to negotiate written contracts because there is no risk of farmers reneging on agreements to sell the aromatics in the local market. Additionally, farmers have greater incentive to agree to certain demands because they know that they will only be able to sell their goods on the export market.

Beheira. The RDI Unit organized a meeting on December 1, 2001 that can be summarized as follows. Beheira's primary horticultural crops are green beans and artichokes, and exporters and growers have a history of working together to sell the produce to external markets. As with other pilot areas, the major obstacle confronting growers in Beheira has been poor quality harvesting methods and a lack of up-to-date information on export-oriented production techniques.

APRP sponsored a meeting in Cairo involving growers, cooperatives, exporters, and the Undersecretary of Beheira. This meeting was designed to facilitate negotiations between growers, cooperatives, and exporters, and to lay the groundwork for HEIA training of extensionists. All parties agreed that there is great potential for contractual agreements between growers and exporters of green beans and artichokes.

All parties have demonstrated a willingness to work together to overcome past obstacles. Specifically, meeting participants decided that 1) extension and technical assistance needs to improve and be reoriented toward export production and 2) grower-exporter agreements on horticultural produce should be pursued.

According to exporters, growers have often disregarded previous contracts and sold to other exporters who offered higher prices. This has led to a lack of trust on the part of exporters. Exporters share the majority of the producers' concerns: they desire export-quality produce, they wish to enter into business agreements with the growers, and they agree that the growers need additional training.

Growers also discussed the issue of trust, and described how in the past exporters would offer one price for different types of beans, in spite of the fact that different beans commanded different prices. Exporter Sherif Beltagi agreed with this, and responded that with contracts, this would not be a problem, because farmers would know ahead of time what to expect.

Accomplishment

Indicator	**Status**	**Justification**
D.4.2	Accomplished	Three governorates have been identified and work has been initiated in all of them.

Documents attached immediately following
None

Other relevant documents
1. "Status Assessment of Agricultural Research and Extension Reform," RDI draft report by Heather Dale, October 3, 2001.
2. **Verification Report, Agricultural Policy Reform Program, Tranche IV, Phase I: Policy Benchmarks for Accomplishment by December 31, 2000.** Submitted by The Government of Egypt to The United States Agency for International Development, Cairo. With the technical assistance of the MVE Unit. Abt Associates Inc. March, 2001.

Benchmark D.5: Government Withdrawal from Seed Multiplication and Distribution

Policy Benchmark:

The GOE will cease the multiplication and distribution of hybrid seed by June 2001 and encourage the development of improved private sector capacities for producing and marketing of this type of seed.

Verification Indicator(s):

D.5.2. The GOE will cease multiplication and marketing of hybrid seed by June 2001.

Method

The Unit obtain data from CASC to ascertain whether GOE multiplication and distribution of hybrid seed have ceased. Certification of this year's seed crop**S**the process which generates the official data on seed production**S**had not been completed by the time of report writing, so the Unit relied on estimates derived from CASC's field inspections.

Analysis and findings

While there was a small increase in the amount of hybrid maize seed produced by CASP and the HSU, this was more than offset by the decline in production by the ARC. Together these resulted in a decrease of 8.6 percent in the estimated hybrid maize seed production by GOE entities from 2000 to 2001. The data are shown in the table below.

Production of Hybrid Maize Seed*

(Tons)

Producing Unit	**2000**	**2001***
CASP and HSU	2,282	2,475
ARC	877	411
Total	3,159	2,886

Source: CASC, unpublished data.

* Based on field inspection; 2001 is field inspection estimate for total production.

To date the government entity responsible for maize seed production, the Central Administration for Seed Production, has not been committed to stopping its maize seed production. It finds this production too profitable to give up, and it wants to maintain this profitable activity in preparation for the possible privatization of CASP itself.

The main reason that CASP can produce maize seed profitably is that it has been given control of the best varieties developed by the Agricultural Research Center, particularly the single-cross hybrids, which are considered the highest-yielding. Farmers like to buy seeds of these varieties. As long as CASP has a monopoly on the best ARC varieties, it will maintain its share of the market.

To break this impasse, it is necessary to break the CASP monopoly on the best varieties. This process is under way. In December, 2001, Dr. Youssef Abdel Rahman, head of the Horticultural Services Unit which manages CASP, agreed to a new policy that ends the CASP monopoly on new varieties of maize. This policy states that the newest varieties of maize developed by the ARC will be allocated through a competitive tender system involving private seed companies. This system is defined in the Variety Release Policy of the ARC (approved by His Excellency the Minister of MALR in July, 1999). The ARC has recently completed its research and registration of three new maize varieties (single-cross hybrids). These new varieties will be made available to private companies through the Variety Release Policy.

This new policy is established in the following documents:

- a letter dated November 11, 2001 from Dr. Hussein Soliman, Project Director of APRP to Dr. Youssef Abdel Rahman, Chairman of the Horticultural Services Unit of ARC, with an attached draft policy on release of new maize varieties developed by ARC
- a letter dated November 18, 2001 from Dr. Youssef Abdel Rahman, Chairman of the Horticultural Services Unit (HSU) of ARC to Dr. Hussein Soliman, Project Director of APRP approving the policy

Once this policy is implemented, it should result in an increase in the private companies' competitiveness and a decline in the market share of the GOE in hybrid maize seed.

Accomplishment

Indicator	**Status**	**Justification**
D.5.2	Partially accomplished	There was some decline in the amount of hybrid maize seed produced by GOE entities, and the GOE intends to provide new maize varieties to the private sector for their multiplication and sale, which should cause the GOE share of maize seed sales to decline.

Documents attached immediately following

1. Fax from CASC showing field inspection estimates of hybrid maize seed production by GOE entities for 2000 and 2001 (Arabic)
2. Copy of a letter dated November 11, 2001 from Dr. Hussein Soliman, Project Director of APRP to Dr. Youssef Abdel Rahman, Chairman of the Horticultural Services Unit of ARC, with an attached draft policy on release of new maize varieties developed by ARC (Arabic)
3. Translation in English of the above letter
4. Copy of a letter dated November 18, 2001 from Dr. Youssef Abdel Rahman, Chairman of the Horticultural Services Unit (HSU) of ARC to Dr. Hussein Soliman, Project Director of APRP approving the policy (Arabic)
5. Translation in English of the above letter

Other relevant documents

1. **Verification Report, Agricultural Policy Reform Program, Tranche IV, Phase I: Policy Benchmarks for Accomplishment by December 31, 2000.** Submitted by The Government of Egypt to The United States Agency for International Development, Cairo. With the technical assistance of the MVE Unit. Abt Associates Inc. March, 2001.

Benchmark D.7: Farm Production Statistics

Policy Benchmark:

The GOE (MALR) will collect, manage, and distribute agricultural data and information on farm production and income at the farm and national levels to meet the private and public sector needs.

Verification Indicator(s):

D.7.2. The GOE (MALR) will prepare agricultural income statistics at the national level to meet the system of national accounts, 1993 standards. (12/2001)

Method
The MVE Unit followed the development of the required data through interviews with key personnel in EAS and the RDI Unit. Dr. Morsy Ali Fawzy of the Unit participate in some of the training and workshop activities under this benchmark.

Analysis and findings
This benchmark, by requiring MALR to "meet the system of national accounts, 1993 standards" requires the preparation of supplementary data to constitute the national accounts for the agricultural sector. The concepts and definitions of the UN national accounts standard system (1993) are different in many aspects from that of 1968 (see referenced document). The 1993 system requires two types of data in addition to the current farm budget database that is now available in EAS/MALR. The first is data on certain activities, like fish production, that were collected by MALR but processed differently in previous accounts; the second is aggregate data such as agricultural exports and imports, the data on which are produced by organizations outside of the agricultural sector.

The 1993 system in general consists of five accounts as follows:

- Production calculation
- Income generation calculation
- Primary income calculation
- Capital calculation
- Commodities and services calculation

In the national accounts system of 1993, the economic accounts for agriculture have the same structure as that of other sectors. For agriculture there are two alternative models for data collection and organization, based on different primary sampling units, namely:

- Agricultural households
- Agricultural products

EAS' practice under the previous (1968) system of accounts was to use the agricultural product model. Under the 1993 system either model can be used to construct the accounts.

In conjunction with an earlier indicator under this benchmark, the EAS/MALR team, with technical assistance provided by the RDI Unit, designed and conducted a sample survey to collect farm budget data using the farm as the primary sampling unit. The database established based on this survey enables MALR to construct accounts using either the crop and the farm model.

The RDI Unit designed the technical training of the EAS staff in the agricultural national accounts office. The ultimate objective of this training was to provide the technical assistance needed to help the MALR build its own capacity to carry out the calculation of the national accounts according to the 1993 system. Two technical training courses were provided, sponsored by the RDI Unit and DT2. Both of the technical training courses were conducted by Mr. Kotb Salem, Regional Advisor on National Accounts for the UN.

Following the training, the tasks carried out by EAS staff under the supervision of the RDI Unit and the UN expert to accomplish this indicator were:

- Design data formats to organize all of the required data according to the 1993 concepts
- Modify (and implement) the farm income questionnaire to include additional required details to meet the 1993 standards
- Collect additional data from other organizations like CAPMAS
- Process certain existing data according to the requirements of the new system
- Combine all required data in the new format

With the completion of these steps, the required statistics for 1999/2000 are now ready for transmission to the Ministry of Planning. (MoP is apparently still trying to assemble from other ministries the data for the year 1994/95.)

Accomplishment

Indicator	**Status**	**Justification**
D.7.2	**Accomplished**	Training was conducted, and the required agricultural statistics have been prepared.

Documents attached immediately following
1. Sample of data prepared by EAS/MALR in new format (Arabic)
2. Sample of data in old format (Arabic)
3. Overall data format (Arabic)
4. Sample of national accounts calculations based on newly prepared statistics (Arabic)

Other relevant documents
1. Modified farm income questionnaire
2. November, 2001 consultant report: "Developing Agricultural Statistics for SNA_1993: Implementation in the Agricultural Sector"(Arabic)

Benchmark D.8: Sea Freight Transport

Policy Benchmark:

The GOE will coordinate import inspection procedures for refrigerated foodstuffs (radiation, GOEIC, agriculture, health and veterinary).

Verification Indicator(s):

D.8.2. Average dwell time at Mediterranean Sea ports for refrigerated containers is reduced to fifteen days for the 9/2000-9/2001 period based on a survey of private sector traders. (12/2001)

Method

The Unit obtained data from the container handling companies. Data were collected for the Mediterranean ports of Alexandria and Port Said. Damietta was not included in these measurements because it is mostly a port for transshipment of cargo and not for the entrance into Egypt of refrigerated containers.

The data obtained from the two ports came from slightly different methods of collection but arrived at comparable estimates of dwell time. The data from Alexandria are from a database used to manage the flow of the containers into and out of the port. The data from Port Said were extracted from a financial information system but were manipulated to derive dwell time estimates for refrigerated containers.

The Unit believes that data directly from the container handling companies are more accurate than could be obtained from a survey of traders, as the companies have access to all information on all containers, whereas each trader would have only partial and anecdotal information.

In both sets of data the dwell time reported is the time between the unloading of the container onto the dock in the customs area and the removal of the container from the customs area.

The Unit also contacted freight forwarders, shipping lines, and shipping agencies. Dr. Adel Mostafa conducted, four interviews on November 10 in Alexandria. Three were personal interviews and one (Mr Ahmed El Wakil, Vice Chairman of Alexandria Chamber of Commerce and a major importer and exporter) was a telephone interview. The personal interviews were with Admiral Medhat Abdel Bary, General Manager of Egyptian Chamber of Shipping; Captain Mohamed Badawi, Managing Director of Gulf Agency Company; and Ms. Sherin El Hakim, General Manager of Falcon Freight System (a freight forwarder).

Analysis and findings

Admiral Medhat mentioned that in a meeting with Minister of Transportation, Dr. Nomery, Admiral Hatem El Kady, the Chairman of the Egyptian Chamber of Shipping, and Mr. Ahmed El Wakil, they discussed the dwell time and the necessity of remov the containers immediately after finishing customs, inspection, and other procedures. He said that after finishing all the procedures, some importers leave the refrigerated containers in the port, using it as a storage area for their commodities until they finalize their transactions

with buyers. Admiral Medhat also differentiated between refrigerated containers and general cargo refrigerated ships, which also handle a large portion of the refrigerated commodities like meat.

Admiral Medhat, Ahmed El Wakil, and Dr. Adel Mostafa conducted a telephone conference call. Mr. Wakil declared that after the visit of Dr. Youssef Boutros Ghaly to the ports at the end of 2000 to monitor the implementation of the related presidential and ministerial decrees, the dwell time declined significantly, to perhaps as low as 48 hours, but this extremely low dwell time has not been maintained since then.

Mr. Badawi mentioned that refrigerated containers now account for about 80-85% of the incoming refrigerated cargo, while the refrigerated vessels account for about 15-20%; although the refrigerated vessels were once the major refrigerated mode. As vessels became bigger and costlier, the recent trend has been to refrigerated containers, which are usually used for meat, butter, seed potatoes, and some other commodities. Mr. Badawi said that the stay of refrigerated vessels never exceeds three days in port, including all the procedures, documentation, inspection, and release of the commodities outside the port. For containers, it never exceeds 48 hours if the forwarder is ready with the documents and forms needed for the release of the container. Health inspection and other agricultural and veterinary quarantine take 24 hours, and radiation inspection takes 6-12 hours. He said that most of the complaints are not accurate. The delays are usually because the importer is keeping the commodities in the refrigerated vessels or containers as a storage facility, as some of the importers do not own storage facilities. They can reduce transportation, loading, and unloading costs by using the vessels or containers for storage. He said that the data the Unit received from the container handling companies, showing 7-10 days as dwell time, are accurate once one takes into consideration the delays by the importers.

Ms. Sherin stated that in the case of refrigerated containers, the dwell time is 7-10 days at most and for refrigerated vessels, it is 10-14 days. For shipments that are not in accordance with specifications, it takes a longer time. This happened with her in shipments of cheese and kiwis, which were infected in the vessel by an insect; it took 21 days to release these goods after fumigation. She said that sometimes it is cheaper for the importers to sell imported commodities while they are stored in the port, despite having to pay the port charges. Ms. Sherin said that the release of the refrigerated containers depends upon the financial situation of the importer, the availability of storage facilities outside the port, the documentation of the importer, and the activity of the forwarder.

The data in the tables below show that in all cases the dwell time reported is below fifteen days. The data should be interpreted in the following way. Since the data include the time to receive clearance and any additional time the container is left in the customs area by the importer, the time to receive clearance will in all cases be equal to or less than the data shown in the tables. In the final analysis, it is the time to receive clearance with which this benchmark is concerned.

Dwell Time for Refrigerated Containers, Alexandria

Month	Containers Handled	Total Dwell Time (days)	Dwell Time per Container (days)
September, 2000	143	939	6.6
October	208	1831	8.8
November	224	2105	9.4
December	123	1274	10.4
January, 2001	133	1319	9.9
February	138	878	6.4
March	220	1727	7.9
April	N/A	N/A	N/A
May	178	1718	9.7
June	172	2120	12.3
July	235	2819	12.0
August	246	3139	12.8
September, 2001	465	4503	9.7
Total/Average	2,485	24,372	9.8

Source: Alexandria Container Handling Company

Dwell Time for Refrigerated Containers, Port Said

Month	Containers Handled	Total Dwell Time (days)	Dwell Time per Container (days)
September, 2000	98	1176	12.0
October	171	1881	11.0
November	275	2475	9.0
December	198	1980	10.0
January, 2001	149	2086	14.0
February	143	1716	12.0
March	115	1265	11.0
April	148	1628	11.0
May	127	1651	13.0
June	150	1650	11.0
July	105	1127	10.7
August	230	2396	10.4
September, 2001	235	2439	10.3
Total/Average	2,144	23,470	10.9

Source: Port Said Container Handling Company

Accomplishment

Indicator	Status	Justification
D.8.2	Accomplished	The dwell time, and in particular the time to receive clearance, for refrigerated containers was less than 15 days at both Alexandria and Port Said for the period September, 2000 through September, 2001.

Documents attached immediately following

1. Two faxes from the Port Said container handling company showing the dwell time for refrigerated containers for the period July, 2000 through June, 2001 and July, 2001 through September, 2001 (One in Arabic and one in English)

2. Two faxes from the Alexandria container handling company showing the dwell time for refrigerated containers for the period from July, 2000 through March, 2001 and May, 2001 through October, 2001 (Arabic)

Other relevant documents

1. **Verification Report, Agricultural Policy Reform Program, Tranche IV, Phase I: Policy Benchmarks for Accomplishment by December 31, 2000.** Submitted by The Government of Egypt to The United States Agency for International Development, Cairo. With the technical assistance of the MVE Unit. Abt Associates Inc. March, 2001.

Benchmark D.10: Vegetable Seeds

Policy Benchmark:

The GOE will simplify its requirements for registering new varieties of vegetable seeds and abolish registration requirements for the import and trade of vegetable seeds already registered or protected in countries belonging to the Organization for Economic Cooperation and Development (OECD).

Verification Indicator(s):

D.10.3. Confirmation from private vegetable seed companies that they are aware of these policy changes and that at least one shipment of vegetable seeds has been imported for commercial sale under these new policies. (12/2001)

Method

Recent changes in seed registration policy were codified officially only in May, 2001 (after the verification report for tranche IV, phase I was submitted). Thus it would not be possible for a sample to arrive, be tested for a period of up to one year and then have a commercial-size shipment be imported within the time frame allowed for implementation of this benchmark (i.e., by December 31, 2001). However, there were some cases in which seed companies had applied for registration a year or two earlier and the testing process was already under way. In two of these cases, the Unit was able to check whether the new policy resulted in a shorter time to registration (i.e., earlier termination of the testing procedures) and whether a new shipment was imported before December 31, 2001.

Dr. Adel Mostafa spoke with Eng. Sherif El Kerdani, Deputy General Manager of ESAS and individual seed company representatives, Mr. Khamis Abdel Mohsin Sakr, Office Manager of S&G and Mr. Ahmed M. Roushdy, Product Manager of Syngenta, to see if they were aware of the new policy and whether they had imported any seed under the new policy. He also met with Mr. Atef Abdel Qader of the International Company for Agricultural and Livestock Inputs.

Analysis and findings

From its contacts with seed company represeentatives, the MVE Unit learned that they were indeed aware of the new policy. They had been informed by officials from CASC and HRI. In addition, as part of its work with the GOE and the seed companies, the RDI Unit was in a position to inform the latter of the new policy. Mr. Lawrence Kent of the RDI Unit had such an opportunity September 9-12, 2001 at a local conference ("Sahara"). At that time he passed copies of the new decree to be double sure that seed companies were aware of the new policy.

Dr. Adel ascertained that at least one shipment of vegetable seed entered Egypt under the new policy. Mr. Tadros Maqar submitted to the Variety Registration Commitee (VRC) evidence that tomato variety GS12 originated in an OECD country; he provided official DUS test results from the Government of Holland. The Committee agreed to shorten the testing period and recommended immediate registration of the variety. Ministerial decree 1550/1999 approved the registration of tomato variety GS12.

After registration, Syngenta/Novartis decided to begin importing GS12 tomato seeds directly, rather than through Tadros Maqar. A representative of Syngenta/Novartis, Ahmed M. Roshdy (Product Manager, Seeds), confirmed that his company began importing seed of the GS12 tomato variety from Holland for commercial sale, starting in February, 2001. Total imports to date are 550 kg.

Application has also been made for approval to import by the International Company for Agricultural and Livestock Inputs (ICALI), which benefited from the new decree 1648/2001 to accelerate registration of three vegetable varieties:

- El Safa F1 2033 tomato
- Arafat F1 1176 tomato
- Badr ES 2520 cucumber

These varieties were in their second year of testing going into their third year when the new decree came out. Atef Abdel Qader submitted evidence to the Committee that his varieties had come from an OECD country where they had undergone DUS testing. The Committee decided, therefore, that no additional testing was necessary and recommended their registration. ICALI is hoping to import these varieties very soon.

Accomplishment

Indicator	Status	Justification
D.10.3	Accomplished	The seed companies are aware of the new policy, and more than one shipment of one variety entered Egypt under the new system.

Documents attached immediately following

1. Copy of Ministerial Decree 1648/2001 (Arabic)
2. Translation of above decree in English
3. Copy of October 13, 2001 meeting minutes of Variety Registration Committee that include its recommendation to terminate testing and register three varieties of the International Company for Agricultural and Livestock Inputs (Arabic)
4. Copy of Ministerial Decree 2775/2001 approving registration of tomato El Safa F1 2033, tomato Arafat F1 1176 and cucumber Badr ES 2520 (Arabic)
5. Copy of Ministerial Decree 1550/1999 approving registration of tomato variety GS12 (Arabic)

Other relevant documents

1. **Verification Report, Agricultural Policy Reform Program, Tranche IV, Phase I: Policy Benchmarks for Accomplishment by December 31, 2000.** Submitted by The Government of Egypt to The United States Agency for International Development, Cairo. With the technical assistance of the MVE Unit. Abt Associates Inc. March, 2001.

Benchmark D.11: Women's Employment, Entrepreneurship and Income in the Agricultural Economy

Policy Benchmark:

The GOE (MALR) will adopt policies to encourage the creation and expansion of women-owned and managed agribusinesses and access to resources and information for women in the agriculture sector in Egypt.

Verification Indicator(s):

D.11.2. The GOE will establish a policy that mandates establishment of business support centers with units specifically for women in the agricultural economy. (12/2001)

Method
The Unit tracked the development of the policy and obtained a copy of the approved version.

Analysis and findings
MALR had taken a number of steps that promote the participation of women in the agricultural economy. These included the establishment of:

- the Policy and Coordination Unit for Women in Agriculture
- a system for collecting and publishing gender-disaggregated statistics on women in agriculture
- projects to promote women in agriculture
- training of female extension workers to provide technical assistance and enhance communication with women, especially women beneficiaries in the New Lands

In addition, a number of pilot projects were implemented in which Women Business Support Centers were established in 2000/2001 to help create efficient businesswomen in both production and marketing activities. However, there had not been a formal policy regarding the establishment of such units. Based on the experience to date, the Minister has decided to formalize the GOE's support for such centers and has issued a new policy.

The new policy calls for:

- Allocating women-specific places within existing business centers to support their (women's) economic and business activities
- Reinvigorating inactive centers
- Ensuring sustainability of those centers through capacity building and development

Accomplishment

Indicator	Status	Justification
D.11.2	Accomplished	The new policy has been approved by HE the Minister of Agriculture and Land Reclamation.

Documents attached immediately following
1. Copy of memo from Dr. Hussein Soliman to HE the Minister, showing the Minister's approval (which was given on December 9, 2001) and the notation, "for immediate action." (Arabic)
2. Translation into English of above memo

Other relevant documents
None

Benchmark D.12: Horticultural Modernization

Policy Benchmark:

The GOE (MALR) will establish a policy that facilitates the renewal of the stock of fruit and other tree crop planting materials in Egypt.

Verification Indicator(s):

D.12.1. Ministerial decree to encourage the importation and testing of new fruit and vegetable varieties from around the world. The policy will:

b) approve a policy and plan to ensure private sector participation in multiplication, distribution, and importation and quality control procedures. (12/2001)

Method
The MVE Unit followed the development of the policy and plan and obtained a copy.

Analysis and findings
As a result of changes in advanced technology, genetic engineering, and tissue culture, many new varieties have been generated by researchers all over the world. Mist propagation has made it easy to multiply new varieties in a short time. To take advantage of new varieties, the private sector in Egypt has sometimes imported new varieties, but the achievements have been modest. The capabilities of ARC and MALR make it easier and more fruitful for the public sector to first increase the number of varieties for testing. Then private nurseries can multiply the successful new varieties and distribute them to farmers.

The process of developing the new policy and plan began under Phase I of this benchmark. In addition to the work done earlier, in 2001 ARC officials and researchers continued to meet with farmers, nursery operators and final exporters to:

- finalize the selection of varieties to be imported for testing
- determine which nurseries will be included in the program
- determine the sharing of responsibilities within the ARC for the different aspects of the program

Some exporters had traveled abroad to observe the varieties in demand in their markets. These observations were gathered during the development of the importation program.

The ARC has used its resources to purchase and set up greenhouses and other equipment for isolation testing of imported varieties for diseases and pests.

APRP worked with the Ministry and ARC in preparing a memo from Dr. Hussein Soliman, APRP Project Director and Eng. Ibrahim Sheta, Head of the Plant Production Sector of MALR, to HE Dr. Youssef Wally to organize a system introducing new fruit varieties tested by the Horticultural Research Institute, with

the involvement of the Plant Pathology Institute, the Plant Protection Institute, and other entities in the Ministry. The memo includes a plan, as follows:

- Importation of citrus, grape, mango and olive root stock for testing by the ARC's specialized institutes
- These will be given to nurseries that are qualified to multiply and distribute seedlings
- The distribution will include only varieties that are suitable to Egyptian conditions, including soil, climate, and the needs of farmers and exporters
- There will be monitoring and inspection of multiplication and distribution to ensure the quality and the true-to-type aspects of these varieties
- There will be a training course for the MALR staff on control and inspection of nurseries and their staff to safeguard product/seedling quality

Accomplishment

Indicator	**Status**	**Justification**
D.12.1	Accomplished	HE the Minister of Agriculture and Land Reclamation has approved a new policy, which includes a plan for private sector participation in seedling multiplication and distribution.

Documents attached immediately following

1. Copy of memo from Dr. Hussein Soliman and Eng. Ibrahim Sheta to HE the Minister, showing the approval by Minister Wally (which was given on December 9, 2001) and his notation "for immediate action." (Arabic)
2. Translation of the above memo in English

Other relevant documents

1. **Verification Report, Agricultural Policy Reform Program, Tranche IV, Phase I: Policy Benchmarks for Accomplishment by December 31, 2000.** Submitted by The Government of Egypt to The United States Agency for International Development, Cairo. With the technical assistance of the MVE Unit. Abt Associates Inc. March, 2001.